Chain Store Age EXECUTIVE

with Shopping Center Age

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ICSC, FMI, NMRI convention previews

Turnover at the top: cause and effect

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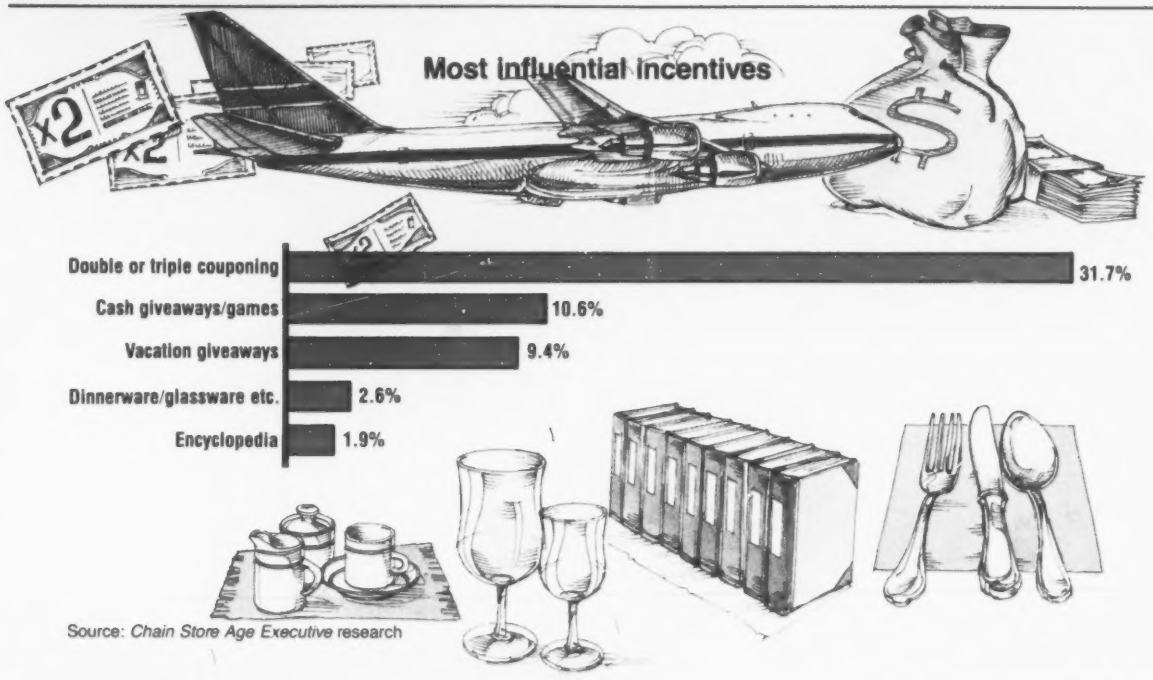


Incentives serenade supermarket shoppers

Coupons are by far the most popular incentive, used regularly or frequently by 46% of consumers surveyed

Almost one-third (31.7%) of grocery shoppers who regularly patronize a single store are influenced to change their habitual shopping patterns by double or triple coupon incentive programs, according to an exclusive survey conducted by *Chain Store Age Executive*.

Conducted in Boston, Atlanta, Kansas City and Los Angeles, the consumer survey also found that 46% of the shoppers say they are regular or frequent users of coupons. Another 38% indicate they use coupons occasionally or infrequently, and the remainder claim they never use them.

Cash giveaways/games were mentioned by 10.6% as inducements to change their shopping patterns, followed by vacation giveaways (9.4%), opportunity to buy dinnerware/glassware/silverware at reduced prices (2.6%), and a chance to acquire an inexpensive encyclopedia (1.9%).

Other factors about supermarket customers that are revealed in the survey include:

- Two-thirds (66.3%) shop at one food store most often.
- A total of 40% have weekly food store bills of $45 or less, with 35% reporting bills of $45 to $75, and 25% spending over $75.
- They shop an average of 6.5 times a month, with shopping trips most frequent in Los Angeles at 7.9 times, Boston, 5.8 times, Kansas City 6.3 times and Atlanta, 6.2 times.
- Average weekly food bills for the respondents is $53.90, with Los Angeles the highest at $59.70. It is higher for regular/frequent users of coupons who spend $55.80 than for occasional/infrequent users ($53.95), and those who never use coupons ($48.60).

Respondents were confined to the primary food shoppers in the household, and the breakdown was 75% female, and 25% male. Of the total, 65% are married and 59% are at least part-time employed.

Among the selected factors judged as "extremely/very important" in the decision to shop at a particular store, cleanliness is cited most often by the respondents, with 88.85%, closely followed by price at 84.5%. Next comes selection of merchandise, cited by 78.8%, courtesy of employees, 72%, speed of checkout, 70.5%, distance from home, 61.3%, atmosphere of store, 51.8%, and butcher on premises, 37.5%.

Women are more sensitive than men to all of these factors except courtesy of employees, noted by 73.5% of the men and 71.5% of the women, and distance from home, cited by 60.4% of the men and 54% of the women.

Special incentive programs being offered by the store (double coupons, special gifts) are cited by only 36.5% of the respondents as "extremely/very important" in this decision. This is much more important to the group spending $45 or less weekly, cited by 41.8%, than for the $45 to $75 group, cited by 34.8%, or the over $75 per week group at 31%. Presumably, a significant portion of the lower spending group has limited budgets for grocery shopping and therefore actively pursues opportunities to control grocery costs—or get greater value for their dollars.

Of the 66.3% of the respondents who shop one store most often, 87.9% travel three miles or less to their "usual" supermarket and on the average they travel 1.7 miles. The

Of the 84% using coupons, 27.8% use them on every shopping trip, 18.3% use them on 3 out of 4 trips

Coupon usage

	Sex		Weekly expenditures			Shop one store most often		Marital status	
	M	F	Low	Med.	High	Yes	No	M	S
On a regular basis	24%	87%	38%	51%	22%	77%	34%	79%	32%
On a frequent basis	14	59	22	27	23	51	22	54	19
On an occasional basis	20	63	36	27	20	52	31	50	32
On an infrequent basis	25	45	28	21	21	50	20	41	29
Never use coupons	19	44	34	15	14	35	28	32	30

Source: *Chain Store Age Executive* research

Reasons for coupon use

	Sex		Weekly expenditures			Shop one store most often		Marital status	
	M	F	Low	Med.	High	Yes	No	M	S
Savings	42.3%	29.6%	26.5%	39.6%	27.0%	25.6%	47.4%	32.1%	32.5%
Greater availability of double couponing/ coupons offering larger discounts	15.4	25.5	32.4	22.6	16.2	20.9	28.9	27.4	15.0
More coupons are being offered	15.4	15.3	17.6	13.2	16.2	16.3	13.2	16.7	12.5
Finding more coupons for items used regularly	11.5	14.3	11.8	13.2	16.2	17.4	5.3	13.1	15.0
Prices are higher	23.1	11.2	8.8	11.3	21.6	10.5	21.1	10.7	20.0
Looking for coupons for items used regularly	7.7	14.3	8.8	13.2	16.2	14.0	10.5	15.5	7.5
More cost conscious	11.5	12.2	14.7	13.2	8.1	9.3	18.4	11.9	12.5

Source: *Chain Store Age Executive* research

distance is slightly greater in Atlanta, at 2.2 miles, followed by Kansas City, at 1.9 miles, Boston at 1.6 miles and Los Angeles with 1.5 miles the average.

Among this same group, the factor that most influences them to shop at a store "other than usual" is "lower prices/sales/special incentives" cited by 52.1%. This is followed by convenience, mentioned by 28.3%, and variety/selection/hard to find items, 21.5%.

Factors which appear to be much less important include "selected items are better at other locations," cited by only 7.5% and favorable store environment, 4.9%. Four-and-a-half per cent report that they do not shop at other stores, 6.4% mentioned miscellaneous factors and 5.3% either didn't know or had no answer.

Throughout the survey, results indicate that singles are much less sensitive to the cost aspects of supermarket shopping than is the married group. For example, 56.7% of the married shoppers cited lower prices as an important influence, compared with only 45% of the single group.

For the singles, with price being less of an issue, convenience plays a major role for 34%, compared with only 25% of the married group.

The singles are also most sensitive to the breadth and quality of merchandise selection. This is shown by the fact that 9% of them view the fact that selected items are better at other locations as a major influence in persuading them to shop at a store other than the usual, compared with 6.7% of the married group. Favorable store environment is also more important to the singles, 7%, compared with 3.7%.

When asked to note the types of supermarket incentives that are "extremely/very influential" in persuading them to shop at a different supermarket than the usual destination, of the respondents who shop one store most often, 31.7% cited double or triple couponing. This is particularly important to those shoppers who spend over $75 a week, noted by 36.9% of this group.

Supermarkets which think that they can broaden their geographic base by offering an incentive may have the wrong idea. The survey shows that even when attracted by stores offering an incentive, only 28.7% of those who now regularly shop at only one store are willing to shop farther. Of this group, 64.3% are willing to travel only three or fewer additional miles.

Looking at the 84% of the respondents who say they use coupons to some degree, 27.8% report that they use them on a regular basis, (i.e., every shopping trip), while 18.3% use them on a frequent basis (3 out of every 4 shopping trips), 20.8% use them on an occasional basis (for approximately 2 out of every 4 shopping trips), while 17.5% say they use them on an infrequent basis (for approximately 1 out of every 4 shopping trips). The remaining 15.8% of the respondents never use coupons.

Coupon usage, according to the survey results, appears to be highest in Boston, with 54% of the respondents there saying that they use coupons on a regular or frequent basis. Boston is followed by Los Angeles, with 48% falling into these two combined categories, Kansas City, with 43%, and Atlanta with only 37%.

Somewhat surprisingly, the group most likely to use coupons on a regular basis appears to be those with weekly food bills of between $45 and $75. However, combining regular and frequent users, the percentages stand at 55% for the over $75 spenders and 54.3% for the $45 to $75, followed by 38% for the $45 or under.

The usage patterns of the $45 or under group, compared to other spenders, is somewhat of a contradiction to the earlier finding that shows they are the most sensitive to the offering of special incentive programs as being extremely/very important in their decision to shop at a particular store.

Of those reporting that they use food coupons on at least a limited basis, 36.8% say that they have increased their coupon usage during the past year, while 51.9% say it has

remained the same, and 11.3% report a decrease.

The largest regional increase, 40.2%, was reported in the Kansas City area (a particularly competitive market recently with the expansion of so many large-scale warehouse type operations), followed by Boston with 37%, Atlanta with 36.1% and Los Angeles with 33.7%.

Among the three groups of shoppers who are categorized according to weekly food bills, the largest increase was in the over $75 a week category, at 43%, followed very closely by the $45 to $75 group with 42.1%. The $45 or under group increase was only 27.4%.

In particular, male shoppers seem to be becoming more aware that using coupons can cut down on weekly food bills. Greater awareness of savings to be derived from coupon usage was noted by 42.3% of the male shoppers in the survey, compared with the women at 29.6%.

Recognition of this benefit was also substantially higher among those who do not shop one store most often, at 47.4%, than among those who do, mentioned by 25.8%.

Other reasons, in order of mention, include availability of double couponing/coupons offering larger discounts, cited by 23.4%, more coupons being offered/coupons more visible, conspicuous in mail, newspaper, 15.3%, finding more coupons for items used regularly, 13.7%, prices are higher, 13.7% (23.1% of the men compared with 11.2% of the women), looking for coupons for items used regularly, 12.9%, more cost conscious/financial situation has changed, 12.1%, all other mentions, 8.9% and don't know/no answer, 1.6%.

Also among those who use food coupons, 41.2% of the respondents say that they are very likely to shop at stores in their area offering double couponing, while an additional 19.9% are extremely likely, 21.4% are very likely and 31.2% are somewhat likely. In addition, 15.7% are not too likely and 11.3% are not at all likely.

Comparing the different market areas, in Boston 46.9% of the users there said they are very likely, compared with 41.4% in Kansas City, 40.7% in Los Angeles and 36.1% in Atlanta. Boston also ranked highest among those saying "extremely likely."

The majority of food coupon users, 59.6%, perceive stores with double couponing as offering a good value. This is particularly true in the Kansas City area, with 69% indicating this, compared with 62.8% in Los Angeles, 53.1% in Boston and 53% in Atlanta.

The survey shows that 69.4% of the shoppers spending $45 or under weekly are considerably more likely to perceive stores as offering values, compared with 57.1% for the $45 to $75 group and only 50% for the over $75 a week group. There is also a significant difference among the single shoppers, at 73.2% compared with the married shoppers at 52.7%.

However, if such stores decide to stop offering double couponing at any time in the future, they may discover that their marketing effort has backfired. Following offering a good value, 29.7% of the survey group perceived that stores which offer double couponing feature "higher regular prices."

This attitude is particularly prevalent in the Boston area, cited by 40.7% of the respondents, compared with Atlanta, cited by 28.9%, Kansas City, cited by 27.6% and Los Angeles, cited by 22.1%.

Again, the perception of featuring higher regular prices is also highest among the $45 to $75 per week spenders, at 35.7%, compared with

Only 2.1% of the user group believes that supermarkets offer double couponing as a gimmick

Finding out about incentives

	Sex		Markets				Coupon usage			Marital status	
	M	F	Boston	Atlanta	Kansas City	L.A.	Frequent	Infrequent	Never	M	S
Newspaper ads	72.5%	66.8%	64.0%	61.0%	70.0%	78.0%	73.9%	64.1%	61.9%	68.8%	67.6%
Supermarket flyer	22.5	31.9	45.0	34.0	21.0	18.0	35.9	27.5	15.9	30.9	27.5
Store signs	24.5	28.2	14.0	28.0	47.0	20.0	26.1	26.8	31.7	27.7	26.8
Television ads	19.6	14.4	10.0	19.0	17.0	17.0	18.5	15.7	7.9	15.6	16.2
Word-of-mouth	5.9	7.7	6.0	8.0	10.0	5.0	9.2	5.9	4.8	8.2	5.6
Radio ads	6.9	2.3	2.0	2.0	2.0	8.0	3.8	2.6	4.8	2.7	4.9

Source: *Chain Store Age Executive* research

Perception of stores with double couponing

	Total	Markets				Weekly expenditures			Marital status	
		Boston	Atlanta	Kansas City	L.A.	Low	Med.	High	M	S
Offering a good value	59.6%	53.1%	53.0%	69.0%	62.8%	69.4%	57.1%	50.0%	52.7%	73.2%
Featuring higher regular prices	29.7	40.7	28.9	27.6	22.1	23.4	35.7	30.2	34.4	20.5
Using it as a gimmick	2.1	2.5	2.4	1.1	2.3	0.8	2.4	3.5	2.7	0.9
Being competitive	0.6	—	—	—	2.3	0.8	—	1.2	0.9	—
Untrustworthy/ must be making money by other means	0.6	1.2	—	—	1.2	—	0.8	1.2	0.4	0.9

Source: *Chain Store Age Executive* research

Major influences altering shopping patterns

	Total	Markets				Weekly expenditures			Marital status	
		Boston	Atlanta	Kansas City	L.A.	Low	Med.	High	M	S
Lower prices/ sales/ incentives	52.1%	50.0%	60.3%	51.7%	45.9%	41.9%	51.6%	58.5%	56.7%	45.0%
Convenience	28.3	29.3	20.5	35.0	29.7	34.0	28.0	20.0	25.0	34.0
Variety/ selection	21.5	24.1	13.7	21.7	27.0	17.9	22.6	24.6	22.6	20.0
Items better elsewhere	7.5	10.3	5.5	3.3	10.8	6.6	7.5	9.2	6.7	9.0
Favorable environment	4.9	1.7	4.1	8.3	5.4	5.7	2.2	7.7	3.7	7.0

Source: *Chain Store Age Executive* research

Incentives used most frequently in market area

	Total	Markets				Marital status	
		Boston	Atlanta	Kansas City	L.A.	M	S
Double or triple couponing	70.5%	71.0%	50.0%	81.0%	80.0%	73.0%	66.2%
Dinnerware/glassware/ silverware, etc.	40.5	30.0	59.0	40.0	33.0	45.3	32.4
Cash giveaways	27.8	2.0	34.0	35.0	40.0	28.1	27.5
Inexpensive encyclopedia	18.0	6.0	30.0	19.0	17.0	19.1	16.2
Vacation giveaways	17.8	3.0	23.0	19.0	26.0	18.4	16.9
Sales	2.5	6.0	1.0	1.0	2.0	2.3	2.8
Stamps	0.8	—	3.0	—	—	0.4	1.4
Buy one get one free	0.5	—	—	1.0	1.0	0.8	—

Source: *Chain Store Age Executive* research

30.2% of the over $75 group and 23.4% of the $45 and under group. In addition, it is more often believed by the married shoppers, 34.4% more than the singles, 20.5%.

Only 2.1% of the user group believes that supermarkets are offering double couponing as a gimmick, and only 0.6% believe that supermarkets doing this are simply being competitive or that they are untrustworthy/ must be making money by other means. All other mentions are 1.5% of the total, and don't know/no answer accounts for 11.6%.

Despite some reports to the contrary, an overwhelming 96.4% of the respondents report that they are satisfied with the way checkers handle coupons.

Previously, there had been reports in the industry that some consumers appeared to harbor resentment regarding the slowness of coupon handling at the supermarket checkout.

The survey respondents perceive double or triple couponing as quite clearly the type of incentive used more frequently in their area, seen by 70.5% of the total, broken down to 68.8% of the women and 75.5% of the men.

The results also indicate that double or triple couponing is most widely perceived in the Kansas City market, with an increase seen by 81% of the respondents. This is very closely followed by Los Angeles, with 80%, and then by Boston with 71% with Atlanta trailing at 50%.

Most shoppers find out about the special incentive programs being offered through newspaper ads, mentioned first by 68.3% of the respondents.

These are a particularly important source of information for those who do not shop one store most often, mentioned by 78.5% compared with 63% who regularly shop at one store.

Supermarket flyers stand next in importance, but far down in ranking, cited by only 29.5% of those surveyed. They are followed by store signs, with 27.3%, television ads, 15.8%, word-of-mouth advertising, 7.3% and radio ads, 3.5%.

Again, when it comes to reaching shoppers there are major differences between male and female customers when it comes to specific media. Television ads and radio ads both appear to be more effective in reaching male shoppers than female shoppers.

The mentions of television ads, for example, are 19.6% for the men and 14% of the women, while they are 6.9% and 2.3%, respectively, for radio ads.

When all of the survey participants were asked whether supermarkets in their area offer more, the same or less double or triple couponing than they did five years ago, 58.8% reported more, 20.8% reported the same and 9.3% reported less.

Following couponing is cash giveaways, with 26.5% saying more, 32.8% the same and 20.5% fewer.

Also cited were the following: dinnerware/glassware/silverware, etc., available at reduced prices, with 22.8% seeing more such offerings, 41.3% the same and 18% less; vacation giveaways, with 19.5% claiming more, 30.3% the same and 26% less, and inexpensive encyclopedia sets, with only 13% reporting more, 36.3% reporting the same and 26.5% less. ■

LABOR

Management and unions: A supermarket tug of war

If the relationship between supermarket operators and their unions is described as a tug of war, then the balance of power so far this year may be leaning ever so slightly to the side of management.

Yet, indications are that both sides will continue to exhibit a hard-line approach at the bargaining table during the remainder of what has shaped up as a particularly hectic year for supermarket industry labor negotiations.

"In terms of the number of contracts and the number of employees involved, this is one of the busiest years in recent memory," says Nicholas Fidandis, chairman of the Joint Labor-Management Committee of the Retail Food Industry. Not only are the "normal" three-year contracts coming up for renegotiation, but, because of the relatively weak health of many supermarket companies in the past few years, "There are also more short-term, two-year term and one-year term contracts up for renegotiation this year than is the norm. These are all expiring at the same time," he explains.

Among the major contracts coming up for renegotiation this year are the following:

- Contracts covering 70,000 south-

Giant Eagle workers in Pittsburgh won concessions similar to requests made by Kroger. AP/Wide World Photos

ern California clerks at nine locals that expire in July.

- Master contracts covering most of northeastern Ohio, expiring in Cleveland in September and Akron in October. (This is the expiration of a one year pact negotiated last year.)
- Contracts between major supermarket operations and clerks and meatcutters expiring this month in the Atlanta area.

At stake, contends supermarket management, is survival of union operations in an increasingly competitive marketplace made more so by the rapid proliferation of superwarehouse supermarket operations.

By the end of this year as many as 300,000 supermarket workers will have been involved in some type of collective bargaining. This number includes over 200,000 members of the United Food and Commercial Workers Union (UF&CW) involving 36 separate contracts. (The other major labor body in the supermarket industry is the Teamsters Union.)

During the worst of the recession, and particularly in the short-term contracts, union locals granted numerous givebacks and rollbacks to many supermarket companies. But this recovery year, in approaching the bargaining table, the official UF&CW line is that "Now there is going to be less concessionary bargaining than in the past. We believe that there's been enough already," says William Wynn, international president of the UF&CW. He does concede, however, that "there may be isolated exceptions, depending on circumstances."

As for whether this new approach will result in more labor disputes erupting in the industry, Wynn claims that it's not up to his union locals, but rather dependent on the attitudes of management. "If employers are going to be aggressive and so demanding in their positions that certain things have to happen, then we are going to have record disputes," he says.

In the supermarket industry, labor at union operations amounts to as much as 70% of total costs

On the other side, unofficially supermarket management is taking the position that controlling labor costs continues to be essential to their survival, and that often still means requesting concessions from the union.

The supermarket industry is the most labor-intensive area of retailing, with labor costs at union operations amounting to as much as 70% of total costs.

Meanwhile, the industry continues to operate on slim profit margins often averaging less than 1%.

It is hard enough to survive with such numbers under typical conditions, but it is becoming even harder due to the changing nature of the supermarket industry itself. First, the growth of nonunion operations has siphoned off customers in some markets who, understandably, are attracted by the lower prices such stores are able to offer. (Even in the cases where a supermarket operation new to the area has recently become unionized, the union is usually forced to accept lower payments just to get in the door.)

Secondly, the growth of the superwarehouse chains is changing the entire complexion of the industry. While some of these operations are unionized, their labor costs are still lower (again because the union is new in the operation). Most importantly, though, the very nature of this business offers formidable price (and selection) competition to more traditional supermarkets.

"In a micro-aspect, we are seeing what's happened in the world happening in the food industry. Because the market is so competitive, companies are less able to pass costs on to consumers," says Fidandis. "This is analogous to the food industry where there is less margin for supermarkets to compete."

This means that when coming to the bargaining table, management is reflecting the local market situation to a great degree. With increasing competition, stores are being held more accountable for their labor costs.

One of the prime examples so far this year is the situation that Kroger found itself in in the Pittsburgh market. Contending that its labor costs were higher than those of competing supermarkets, Kroger asked Local 23 of the UF&CW for certain wage, benefit and work-rule concessions.

These were proposed in a three-year agreement Kroger offered to the union to replace a contract that ex-

A strike by Foodtown's meatcutters resulted in a new 41-month contract.

pired Jan. 8. Instead of agreeing to the concessions, the union members voted the proposal down and struck the 45 Pittsburgh stores on Jan. 15.

Included in Kroger's request was a proposal for wage cuts of about $2 an hour for the majority of its employees. This request was similar to concessions granted by the union last fall to Giant Eagle Markets, a competing chain based in Pittsburgh. Many other supermarkets in the Pittsburgh market pay still lower wages.

In the past, when failing to negotiate what management felt to be competitive labor contracts with several other union locals, Kroger took the hard line approach, closing down its supermarkets in those market areas.

Kroger warned the union that it would do the same thing in Pittsburgh and then carried out its threat. In February it sold its stores in the Greater Pittsburgh Area to Wetterau, one of the nation's largest food wholesalers. Wetterau, in turn, is selling the Pittsburgh stores to local independent owners.

For the fiscal year ended Jan. 31, 1984, Kroger reported a sharp 34% drop in earnings, down to $127.1 million from $192.1 million in 1982. In reporting these figures, Kroger cited increased competition in many of its markets, including increased operating costs. It also indicated that it will

Skyrocketing health care costs are a major issue in many negotiations taking place this year

continue to seek "adjustments" in other union contracts, just as it did in Pittsburgh.

(Kroger fared better in the Houston market where UF&CW Local 455 approved a contract for approximately 7,000 clerks. The terms, including a wage cut of approximately 36¢ an hour, bring Kroger's rates now in line with the $11.06 an hour being paid by Safeway and Lucky's Eagle division with which the union had earlier worked out similar agreements.)

The situation at Jewel Foods, the Chicago-based supermarket chain, provides another illustration of how cost pressures are affecting the industry. Although Jewel holds the largest market share in the Chicago area, it is facing increasingly sharp competition from superwarehouse operations such as Super Valu's Cub Foods and from warehouse operations such as A&P's Super Plus and Roundy's Pick 'n Save.

While warehouse stores are able to offer lower prices through a variety of operating efficiencies, it is believed that their biggest savings come through labor rates.

Most of the warehouse employees are new, working at entry-level wages of $4.20 to $4.40 (even in the case of union operations). In comparison, most of the employees at Jewel (and also at Dominick's Finer Foods, Chicago's second largest chain) are at high-seniority levels. Clerks, after five and a half years at these operations, earn $10.90 an hour, making them among the highest paid supermarket clerks in the country.

In order to compete, Jewel Foods has taken the unprecedented step of demanding concessions from members of its union, UF&CW Local 881, despite 16 months still to run on existing contracts. Wages have been cut and benefits, specifically vacation time, have been reduced. Jewel claims that such concessions are absolutely necessary to its survival.

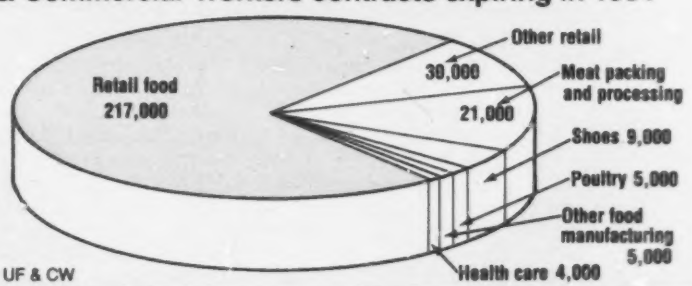
Already, the warehouses have taken over from 4% to 5% of the Chicago market, and Jewel is predicting that they may have as much as 15% by 1985. In order to compete, Jewel is offering lower prices—and that means the labor costs must be lowered too. While not actually believing the same thing will happen in Chicago, Jewel hasn't forgotten what happened several years ago in Milwaukee. There, Jewel had 14% of the market and continued to operate as usual when Pick 'n Save came to town. Jewel no longer operates in that market; it was squeezed out.

Wynn claims that in cases like Jewel's "the union will be willing to sit down and listen." However, Fidandis points out that "Management is going to have to show the unions more of the rationale for such requests." But he is optimistic. "To a large extent, when this is done, once the unions are satisfied that there is legitimacy to the request, unions are receptive in most areas."

He adds that by being willing to work more with management "union members are showing that they now have a more sophisticated awareness of what's happening in the world."

A different sort of situation from the types of competitive pressures cited in the Kroger and Jewel situa-

Workers covered by major United Food & Commercial Workers contracts expiring in 1984



Source: UF & CW

tions erupted early this year in northern and central New Jersey and in two New York City area counties. The issues raised there are the same issues likely to play a major role in collective bargaining in the supermarket industry throughout this year.

Management negotiators, representing Pathmark, ShopRite, Grand Union and Foodtown, offered 7,000 meatcutters, members of UF&CW Local 464A, a new three-year contract. This included average annual wage increases of reportedly 5%, plus concessions in health care benefits and work rules to help offset some of the increase. The union turned down the proposal and struck on Jan. 8.

Major contracts expiring in remainder of 1984

Meatcutters	
Atlanta	May 25
Detroit	August
Miami	August 9
Cleveland	September 2
Retail Clerks	
Atlanta	May 19
Los Angeles	July 29
Detroit	August 4
Miami	August 9
Cleveland	September 2

Source: UF & CW

The strike finally ended on Feb. 10 when the union agreed to a contract raising wages by approximately 6% (the union had originally asked for a 7% increase) plus increases in health care benefits. The term of the contract is 41 months, six months longer than the old contract.

Management, in turn, won major concessions which scale down guaranteed overtime for union employees and reduce the Sunday pay premium to 2.25 times the hourly wage, from 2.5 times. This is expected to increase productivity in the stores by allowing management more flexibility in having personnel present at the busiest times. This increased productivity is expected to offset the costs of increased wages and increased benefits.

The largest of this year's labor contracts expires on July 29, with negotiations affecting 70,000 supermarket workers, and perhaps as many as 100,000 people, according to Wynn.

Unofficially, industry observers claim that management expects to have a very strong bargaining position, considering the nation's economy and the patterns of previous contracts. If the chains don't get the contracts they claim they need, reports are that some may consider taking the nonunion route (the southern California supermarket industry remains one of the most heavily unionized in the country).

Wynn says only that "We are hopeful in southern California that we can have a resolution of negotiations without a dispute, but obviously we are not sure yet of the outcome." Fidandis points out that the UF&CW has very knowledgeable union leadership handling negotiations in southern California (where nine union locals are involved) and this should help ease the process.

The major issue in these negotiations, as in many other negotiations taking place this year, is the question of how to deal with skyrocketing health care costs. (Also at issue in California will be a guaranteed percentage of full-time jobs for union members in what has increasingly become a part-time marketplace.)

Employers generally prefer to reduce benefits while labor wants to negotiate to hold down costs. To find an equitable solution to this dilemma, the Joint Labor-Management Committee has launched a health care cost containment subcommittee to look into the problem.

The members have selected two cities, Providence, R.I., and St. Louis, and will report to local trustees of health and welfare funds in each of these cities recommendations on how they might better manage health care costs.

"Hopefully, by the end of the year the committee will be ready to make specific recommendations," says Fidandis. "These are test programs and it is possible that we will be exploring how to better manage health care costs in other cities. But, in the meantime, we will make available our findings to fund managers in other cities."

The Joint Labor-Management Committee of the Retail Food Industry was formed in 1974 "to improve the collective bargaining process, to promote dialogue between management and labor, to prevent unnecessary strikes and to address the common problems of the food industry," explains Fidandis.

It is comprised of a total of 13 supermarket companies, including Safeway, Kroger and Lucky, plus the two major unions.

Generally, the committee meets to offset problems before they happen and does not get involved in actual negotiations. The exception is when disputes occur.

This year, the committee may be busier than ever. ■

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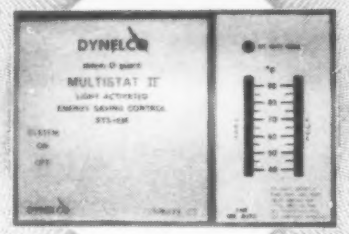

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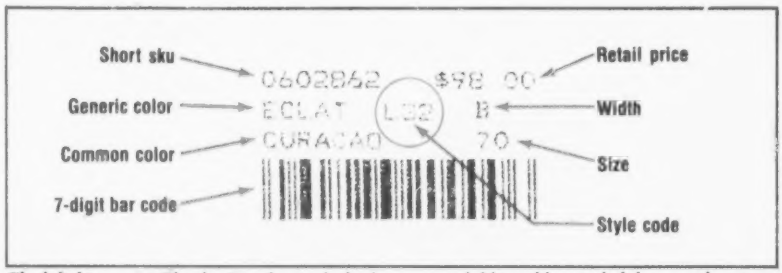
puter with Frame III software, seven video display terminals and two printers. Jourdan selected the Qantel system, says Lezcano, in 1982—after concluding that only a turnkey package would fill the bill.

"Everyone" advised that Jourdan adopt the IBM System 34, because "it was proven," says Lezcano. "It worked. But we didn't want to develop our own software."

Only Qantel offered an existing program to fit Jourdan's needs, according to Lezcano. "It was a turnkey system, and that's very important to a lay person," he adds. "The only thing I knew about a computer was how to spell it."

Jourdan went on-line in July 1983, with seven stores. "Almost as soon as we went on-line," says Lezcano, "we were able to produce sales information in 25% of the time that it took when we collected information manually. We could get up-to-the-minute reports on best-selling styles, store by store, as well as confirmation of some traditional top sellers—such as black hosiery for women."

Inventory control and management information reports will become even more important to Jourdan in the near future. In the next four years, the chain plans to increase its store count by 40% and its retail sales (currently $20 million a year) by more than 66%, according to Lezcano. By the end of 1984, when the chain will embrace 22 locations, all stores should be on-line. ■



The label in use at Charles Jourdan includes human-readable and bar-coded data, so that store-level personnel can identify merchandise in stock at a glance.

OCR-A—Because It's Not Peas

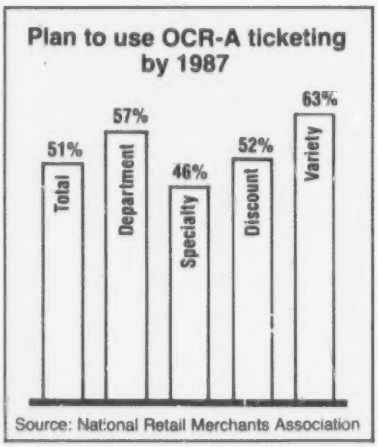
While Charles Jourdan has managed to develop a seven-digit bar code capable of carrying all the data it needs to identify each sku in its inventory, the accomplishment does not necessarily represent a brave new world for general merchandisers who want to be able to bar-code their merchandise. Not yet, anyway.

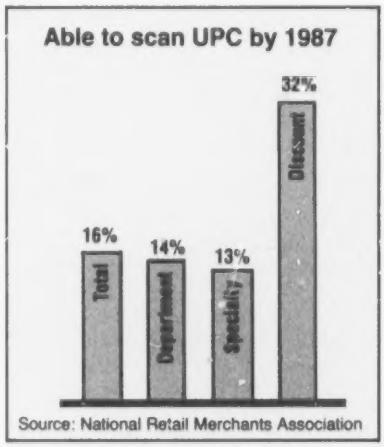
According to Joseph Miller, director, OCR-A standards program for the National Retail Merchants Association, fitting even a single large apparel vendor's line into a bar code might require a 30-digit format. "It's not like identifying cans of peas," he quips, referring to the five-digit, Universal Product Code standard that grew up in the grocery store sector. "In men's jeans, for example, given three colors, four sizes of inseams, and probably 26 waist sizes for each style, you've got more than 300 items of inventory to account for. And that's just one style."

The shoe industry faces a similar problem, says Miller. "Of course, it depends on the number of lengths and widths that you want to carry—but if you figure four to 12 widths, about 30 different lengths and a number of colors—two would be the absolute minimum—the only way to fit it all into a bar code is to make it intolerably long."

Miller is a vocal proponent of the OCR-A, human-readable standard for the general merchandise industry, and he's not alone. Norman Weiser, who joined Morse Shoe recently as vp and director of MIS, agrees that the sheer magnitude of general merchandise inventory management—particularly in the department store environment—all but rules out the exclusive use of bar codes for scanning.

"A large supermarket," says Weiser, "deals with maybe 20,000 to 25,000 items. A department store carries close to half a million. There is really minimal seasonality with the 'striped' goods; general merchandise stores, on the other hand, have over 40% of their items with a life cycle of less than 13 weeks, and specialty stores run a much higher percentage. A typical supermarket company deals with about 500 vendors—department store and specialty retailers deal with 12,000 to 15,000 vendors."





Beyond that, says Weiser, the bar code was developed largely to reduce long checkout lines. But for most of the year, long checkout lines are not that big a problem in department and specialty stores.

Finally, says Weiser, the fact that OCR-A is human-readable represents a big advantage. "OCR-A immediately shows the price. That's important to me, to the buyer and the sales manager, or the salesclerk who's just looking over my stock."

Human-readable code, he maintains, "still tells the consumer and the retailer how much the item costs. We know very easily the department, class of goods, vendor, the style, how old it is, even the season. And the human-readable code can readily identify size and color." ■